factories and shipyards will be abandoned . . . but expansion of private consumption will require large investment in consumer-goods industries.

Some economic dislocations in the period of readjustment of the whole economic system seemed unavoidable. But it also was evident that they would be cushioned by the thawing of the savings frozen during the war and capital reserves accumulated during that period.

In order to assess the danger of postwar depression, I went back to the conditions prevailing on the eve of the great depression in 1929. It had been preceded by an orgy of stock speculation; imaginary values flooded the country with billions of dollars of stage money; agriculture was disorganized and impoverished. Since that time many things had changed as a result of the New Deal reforms—support of agricultural prices, public control over the security markets; insurance of small bank deposits, the Social Security system, a new pattern of industrial relations, powerful and well-established labor unions. . . . These differences made a depression of the 1929 style or even the 1919 style utterly improbable. The nation was entering a period of postwar expansion similar to that in the early 1920's, but this time it was better balanced and well protected against a sudden breakdown. All signs pointed to a bright future. Ultimately, I came out with a reassuring memorandum:

Economic demobilization will begin long before the end of the war and will be completed before the final repatriation of the armed forces from overseas. The cancellation of munitions orders and the release of men from the armed forces will be paralleled by the return of women to their homes and increased enrollment in colleges. Inflationary forces will prevail after the war, but there will be no runaway inflation and very little unemployment.

I also presented numerical estimates of national income, maximum unemployment during the reconversion, and so on. Although I was sure of the soundness of my general forecast, I did not take my illustrative figures too seriously and was surprised when they hit the bull's eye. This accuracy was largely accidental. I can claim credit only for my contention that a major depression after the war was out of the question.

My forecast of postwar prosperity was a challenge to the theory then predominant on the bureaucratic Olympus and in the liberal press. The Social Security Board declined to accept my views as the basis for its planning, but decided that I was entitled to express and defend my theory and ordered my report to be processed and circulated, confidentially, among other government agencies. The report became widely known in Washington and had a devastating effect—on